

## Buyer Fails to Complete – Table of Seller’s Possible Options

**Scenario:** A couple has exchanged contracts and a 10% (£50K) deposit with the buyer of their £500K property. They have also exchanged contracts and a 10% (£50K) deposit with the seller of the £500K property they wish to buy. On the day they are due to complete both transactions, their buyer fails to complete, causing them to fail on their purchase as well. What happens next?

The couple’s conveyancer sends a Notice to Complete to their buyer’s conveyancer, giving the buyer 10 days to complete the purchase and pay the remaining 90%. Similarly, the couple’s seller’s conveyancer sends them a Notice to Complete, also giving them 10 days. If the buyer fails to complete (and consequently, they fail on their onward purchase), they will be in breach of contract, forfeit their deposits to the sellers, and may face further legal action for additional losses and costs incurred.

Below are the various actions, and associated costs, that the couple can choose to take:

| Action   | Fail on sale & purchase | Obtain £450K bridging finance, complete purchase, remarket house, | Sell to an IBUYER, complete purchase                | Buy<br><b>ClozeSure</b><br>On or before exchange |
|--|-------------------------|---|---|--|
| Deposit received   | £50k                    | £50k  | £50k  | £50k   |
| Deposit lost   | £50k                    | 0   | 0   | 0  |
| Time to complete / delay on sale                                       | n/a                     | Up to 6 months to sell.<br>10–20 days to arrange loan.            | 10 – 28 days<br>+ Potential Loss of Onward Purchase | 10 days <sup>3</sup>                             |
| Additional Purchase Costs  | n/a                     | £4,500 arrangement fee +<br>c. £20k interest <sup>1</sup>         | 15–20%<br>reduction in sale price                   | £200<br>(payable on completion)                  |
| 2 <sup>nd</sup> Property SDLT surcharge (reclaimed when house is sold) | n/a                     | £25,000 (£500k @ 5%) <sup>2</sup>                                 | 0   | 0  |
| Sale Price Achieved  | n/a                     | £450,000 – £500,000?  | £400,000 – £425,000?                                | £450,000   |
| Conveyancing Fees Lost   | Circa £5,000            | n/a   | n/a   | n/a  |
| Lost Removal Costs / Fees  | Circa £2,500            | n/a   | n/a   | n/a  |
| Agency Fees  | £7,500 <sup>4</sup>     | n/a   | n/a   | n/a  |
| <b>TOTAL COST</b>  | <b>£15,000+</b>         | <b>£50,000+</b> <sup>1,2</sup>                                    | <b>£25,000+</b>                                     | <b>£200</b><br>On Exchange                       |

<sup>1</sup> Assumes 1% Arrangement Fee + Interest for 6 months @ 9% APR

<sup>2</sup> 5% 2nd property SDLT surcharge. Reclaimable from HMRC when original property is eventually sold (max time limit 3 years)

<sup>3</sup> Dependent on the cooperation of the seller’s solicitor/conveyancer.

<sup>4</sup> Estate Agency Fees as calculated by 1.5% of £500,000